

Message Text

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PAGE 01 KINGST 03764 051412Z

44

ACTION ARA-20

INFO OCT-01 ISO-00 L-03 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 DRC-01 /141 W

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R 051350Z NOV 73

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 3274

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DEPT PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, JM

SUBJ: TAXATION: GOJ REQUEST FOR BILATERAL BAUXITE PRICING DISCUSSIONS

REF: KINGSTON 2744

1. GOJ MINFIN STAFF TELEPHONED CHARGE'S OFFICE NOV 2 ASKING FOR REPLY TO LETTER OF AUG 20. (REFTTEL) IN RESPONSE TO SUBSEQUENT ECONOFF TELEPHONE CALL MINFINSTAFF MILLER INDICATED GOJ SENDING LETTER RE BAUXITE PRICING TO EMBASSY. TEXT AS FOLLOWS:

2. BEGIN TEXT. DEAR MR. HEWITT, I REFER TO THE LETTER DATED 20TH AUGUST, 1973, CONVEYING ACCEPTANCE BY MY GOVERNMENT OF THE PROPOSALS PUT FORWARD BY MR. COHEN IN RELATION TO THE PRICING OF ALUMINA.

I HAVE NOW BEEN INFORMED THAT THE UNITED STATES INTERNAL REVENUE SERVICE PROPOSES TO REVIEW, FOR UNITED STATES INCOME TAX PURPOSES, THE PRICES RECORDED IN THE ACCOUNTS OF THE UNITED STATES BAUXITE COMPANIES AS THE PRICES AT WHICH JAMAICAN BAUXITE IS TRANSFERRED TO THEIR UNITED STATES AFFILIATES.

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THE INCOME TAX PAID TO THE GOVERNMENT OF JAMAICA IS BASED ON

THE PRICES WHICH ARE TO BE THE SUBJECT OF REVIEW BY THE UNITED STATES INTERNAL REVENUE SERVICE. THE TERMS OF THE AGREEMENT BETWEEN THE GOVERNMENT OF JAMAICA AND THE BAUXITE COMPANIES ARE SUCH THAT ADJUSTMENT BY THE USIRS IN THE TRANSFER PRICES ALREADY USED AS A BASIS FOR COMPUTING PROFITS FOR JAMAICAN TAX PURPOSES, MAY AFFECT CURRENT REVENUE AS WELL AS THE STABILITY OF FUTURE REVENUE INFLOWS.

THE GOVERNMENT OF JAMAICA, THEREFORE, WISHES TO PROCEED WITH A REVIEW OF THE TRANSFER PRICES OF BAUXITE UNDER THE "COMPETENT AUTHORITY" PROCEDURE PERMITTED UNDER THE DOUBLE TAXATION RELIEF TREATY BETWEEN JAMAICA AND THE UNITED STATES, WHEREBY TAX OFFICIALS OF OUR RESPECTIVE GOVERNMENTS MAY MEET AND PURSUE THE MATTER IN AN EFFORT TO REACH AN ACCEPTABLE SOLUTION.

I SHALL BE GRATEFUL IF YOU WILL REQUEST THE APPROPRIATE TREASURY OFFICIAL TO INFORM AMBASSADOR FLETCHER IN WASHINGTON, WHETHER IT WOULD BE POSSIBLE TO COMMECNE DISCUSSIONS ON THE PRICING OF BAUXITE IN WASHINGTON IN EARLY FEBRUARY, 1974.
YOURS SINCERELY, SIGNED BY THE FINANCIAL SECRETARY. END TEXT.
LETTER POUCHED NOV 5 ARA/CAR/J.

3. GOJ CONCERN EVIDENTLY TRIGGERED BY INFO IRS REVIEW REYNOLDS ALUMINUM COMPANY BEGINNING NOV 6.
HEWITT

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: DOUBLE TAXATION, INCOME TAXES, TAX AGREEMENTS
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Copy: SINGLE
Draft Date: 05 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: N/A
Errors: N/A
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Handling Restrictions: n/a
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